

# BY BROOK SUSTAINABILITY CALENDAR - FEBRUARY MONEY AND INVESTMENTS

Welcome to month 2 of the By Brook Sustainability Calendar, an initiative to encourage local people to live in harmony with our planet. Each month we'll tackle a topic covering facts, ideas and innovations, and then we'll provide tips and advice.

We hope to inform and be informed, and inspire action.

This month we look at money and investments. This is important because how we save and invest our money can have bigger impacts on the world than anything else we do.

## Why do we use banks?

Most of us have bank accounts - the days of stashing cash under the floorboards are long gone! We use banks for safety, convenience and the services they provide. In return, banks make a profit from the fees they charge us, and also – more importantly – by lending our money to others.

## What do banks do with our money?

Banks lend our money to businesses and corporations, many of whom have a detrimental impact on our world. For example, the world's largest banks have loaned \$3.8 trillion to companies involved in fossil fuels since 2015 – the year Paris Agreement climate goals were set – with this investment increasing in every year except one.

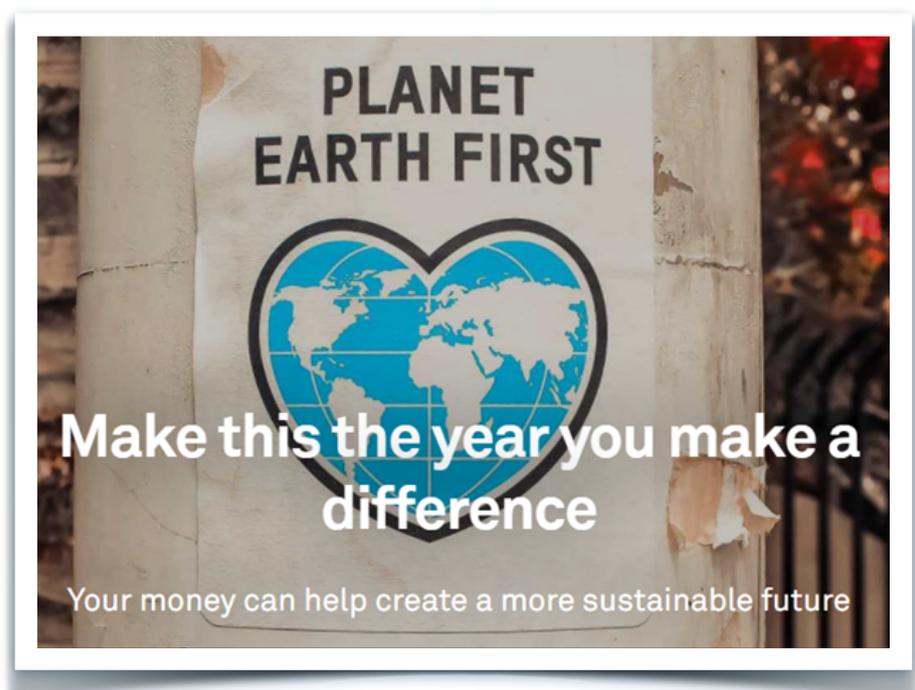
In the same way, it was recently reported that banks have put more than \$157 billion into companies involved in deforestation since 2016, funding commercial enterprises that massively undermine work being done elsewhere to preserve biodiversity.

## What could banks do instead?

Bevis Watts, the CEO of Triodos, an ethical bank with its UK base in Bristol, states:

“The banking sector should, and could, be bankrolling our future. By rerouting finance to align with global climate goals, banks can provide the additional investment needed and also encourage businesses to transition in a way that is more efficient and fairer. The banking sector has so much potential to drive the change we need.

Moreover, it's essential that the transition to net zero is a just transition, one that doesn't leave anyone behind, and protects the most vulnerable and creates prosperity for all, both across the world, and here in the UK.’



To put it bluntly, would you be happy that your bank was lending to businesses that destroyed the natural environment? Or indeed if they loaned money to companies manufacturing arms for rogue states, selling cigarettes to third world children or using forced labour?

If any of these possibilities concern you, check your bank's environmental and ethical policies by going to their website. To avoid 'greenwash', you should also visit independent review sites such as the Good Shopping Guide; see the box for their league table of ethical banks.

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Good Shopping Guide to Ethical Banks	
Top 5	Bottom 5
Charity Bank	Barclays
Triodos	Citi
Ecological Building Society	First Direct
Monzo	HSBC
Co-operative Bank	RBS

### Can investments be good or bad for the environment?

As well as day-to-day banking, your long-term investments, such as savings funds, can also have an environmental or ethical impact. Many people simply don't know what their money is actually doing, but if you take a pro-active role, you might decide to invest in areas you specifically want to support, eg renewable energy or regenerative agriculture, and exclude sectors that concern you, eg factory farming or deforestation.

Clearly levels of return are important, but you don't have to sacrifice returns for following your values. According to Moneyfacts.co.uk, ethical funds returned 19.87% over the past year compared to 17.89% from non-ethical equivalents, while returns over 10 years are 142.50% versus 109.59%. There does seem to be some logic in investing in growth areas such as renewable energy, rather than declining sectors like coal and oil.

Pensions can also have a negative environmental or ethical impact. Pension company Cushon <https://www.cushon.co.uk/> claim that the average UK pension member unknowingly finances 23 tonnes of CO2 emissions through their investments every year. To counter this, Cushon announced the launch of a net zero pension earlier this year. Other pension funds have made similar pledges; for example the National Employment Savings Trust ([www.nestpensions.org.uk](http://www.nestpensions.org.uk)) is already divesting from fossil fuels.

### What can we do now?

- 1) Review your banking arrangements. If you don't like what you bank does with your money;
  - a) write and tell them. The more they hear from their customers, the quicker they will change.
  - b) switch to a bank that fits with your values. For advice on how to switch see <https://www.which.co.uk/money/>
  
- 2) Review your investments and pensions, and where possible re-allocate to reflect your values. Seek advice from an ethical investment expert. The UK Sustainable Finance Investment Association has a directory on its website: <https://uksif.org/>



We give the final words to Bevis Watts from Triodos;

“By each of us individually moving our money, we can collectively mobilise the democratic power of finance and reroute global investment away from damaging fossil fuels and deforestation, and into a greener future of climate solutions.”

If you have comments or ideas on this topic, do contact us at [mike@vertigosdc.com](mailto:mike@vertigosdc.com)

In next month's **By Brook Sustainability Calendar** we'll investigate Fair Trade and Fairness.

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